

FISCAL NOTE

HB 4077 - SB 4097

February 28, 2008

SUMMARY OF BILL: Requires the sales tax credit currently authorized for resold telecommunication services by hotels, motels, colleges, universities, and hospitals, to include such services when resold by long term care facilities.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$4,570,000

Decrease Local Revenue - \$77,000

Assumptions:

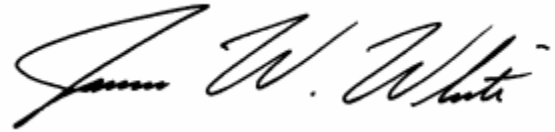
- The Department of Revenue (DOR) estimates that state sales tax revenue for FY07-08 derived from telecommunication services was approximately \$457.0 million; local government sales tax revenue was approximately \$7.7 million.
- Based on 2000 Census data, individuals 65 years of age and older represented 11.1 percent of the total U.S. population in 2000.
- Based on 2000 Census data, approximately 4.5 percent of individuals 65 years of age and older were in nursing homes in 2000.
- Tennessee's current population is estimated to be 6,156,719.
- The number of Tennesseans 65 years of age and older and in nursing homes is estimated to be 30,753 ($6,156,719 \times 11.1\% \times 4.5\% = 30,753$). This represents approximately 0.5 percent of Tennessee's total population.
- According to DOR, Tenn. Code Ann. § 67-6-322(a)(7) currently exempts "home for the aged" from sales and use tax. However, "long-term care facility" has a broader definition that includes senior housing, home care, adult day care, assisted living/independent living, home for the aged/adult foster care, nursing facilities, skilled nursing facilities, sub-acute care, and hospice.
- Including all types of long-term care facilities, it is estimated that approximately one percent of the state's population is in a long-term care facility of some type. Therefore, one percent of sales tax revenue

derived from telecommunication services is estimated to be derived from this group of individuals.

- The decrease of state revenue is estimated to be \$4,570,000 ($\$457,000,000 \times 1.0\% = \$4,570,000$) per year.
- The decrease of local government revenue is estimated to be \$77,000 ($\$7,700,000 \times 1.0\% = \$77,000$) per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc